

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title:

AN ORDINANCE relating to water services of Seattle Public Utilities; revising water rates and charges for service to wholesale customers, and amending Seattle Municipal Code Chapter 21.04.440 in connection therewith.

Summary of the Legislation:

This ordinance would remove charges for the expired Water Purveyor Contract and increase certain charges to wholesale water customers of the Seattle Regional Water Supply System consistent with the provisions of the Full and Partial Requirements Contract for Supply of Water (Contracts) between Seattle Public Utilities and these utilities.

Background:

The majority of Seattle's water contracts require wholesale customers pay a one-time new service fee (Facilities Charge) to Seattle when they connect new retail customers to their water distribution systems. The Facilities Charge is based on the costs of new water supply investments, which include regional water conservation. This is the "growth pays for growth" concept of the Contracts.

Under the Contracts, the Seattle Water Supply Operating Board can specify which new supply projects are paid for through Facilities Charges versus wholesale rates. In May 2013, the Operating Board elected to recover the capital cost of the 2014-2018 regional conservation program through Facilities Charges. This legislation implements that decision. The previous Facilities Charge was based on the capital costs of the regional conservation program from 2011 through 2013.

This legislation has no impact on current rates. Increases to Water Fund revenues are minimal (\$55,000 in 2014) but will be factored into the 2015-2017 water rates study.

☐ This legislation does not have any financial implications.

☒ This legislation has financial implications.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
Water Fund 43000	Seattle Public Utilities	Facilities Charges	\$ 0	\$ 55,000
TOTAL			\$ 0	\$ 55,000

Revenue/Reimbursement Notes:

This is the projected increase in revenue from the 6.7% increase in the Facilities Charge.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**

No

- b) **What is the financial cost of not implementing the legislation?**

The cost of not implementing this legislation is lost revenue from wholesale customers.

- c) **Does this legislation affect any departments besides the originating department?**

No other departments are affected.

- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

There are no alternatives that would achieve similar objectives.

- e) **Is a public hearing required for this legislation?**

No

- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

- g) **Does this legislation affect a piece of property?**

No

- h) **Other Issues:**

None

List attachments to the fiscal note below:

None